

teacher who is exempt from the earnings cap, consisting of salary plus the Reemployed Teacher Contribution rate, that exceeds the State-supported salary level for that position shall be paid from local funds.

**SECTION 7.(h)** If the Internal Revenue Service determines that the provisions of G.S. 135-3(8)c. relating to the computation of postretirement earnings of retired teachers jeopardize the status of the Teachers' and State Employees' Retirement System of North Carolina under the Internal Revenue Code, then the final two paragraphs of G.S. 135-3(8)c. are repealed.

**SECTION 7.(i)** This section is effective when it becomes law.

## **PART VIII. PUBLIC SCHOOLS**

**SECTION 8.** Effective July 1, 2007, there is appropriated from the General Fund to the Department of Public Instruction the sum of one hundred sixty-two million four hundred thousand dollars (\$162,400,000) for the 2007-2008 fiscal year to fully fund increases in average daily membership in public schools, subject to adjustment by the General Assembly.

## **PART IX. EXTEND SUNSET ON ADDITIONAL ONE-QUARTER CENT STATE SALES AND USE TAX RATE**

**SECTION 9.(a)** Section 24.1(j) of S.L. 2006-66 reads as rewritten:

"**SECTION 24.1.(j)** Subsection (b) of this section becomes effective December 1, 2006, and applies to sales made on or after that date. Subsections (d), (f), and (h) of this section become effective January 1, 2007, and apply to taxes collected on or after that date. Subsection (c) of this section becomes effective ~~July 1, 2007,~~ August 1, 2007, and applies to sales made on or after that date. Subsections (e), (g), and (i) of this section become effective ~~July 1, 2007,~~ August 1, 2007, and apply to taxes collected on or after that date. The remainder of this section is effective when it becomes law."

**SECTION 9.(b)** A retailer is not liable for an over-collection or under-collection of sales tax if the retailer has made a good faith effort to comply with the law and collect the proper amount of tax and has, due to the change under this section in the rate of tax imposed under G.S. 105-164.4(a), over-collected or under-collected the amount of sales tax that is due. This subsection applies only to the period beginning July 1, 2007, and ending August 1, 2007.

## **PART X. DELAY EFFECTIVE DATE OF CHANGES TO MEDICAID ESTATE RECOVERY PLAN**

**SECTION 10.** Section 10.21C(c) of S.L. 2005-276, as amended by Section 16 of S.L. 2005-345, and as further amended by Section 10.9B of S.L. 2006-66, reads as rewritten:

"**SECTION 10.21C.(c)** This section becomes effective ~~July 1, 2007,~~ August 1, 2007, and applies to recipients of medical assistance on ~~or~~ and after that date."

## **PART XI. EFFECTIVE DATE**

**SECTION 11.** Section 10 of this act becomes effective June 30, 2007. Sections 1, 2, 3, and 4 of this act become effective July 1, 2007, and expire at 11:59 P.M. on July 31, 2007. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29<sup>th</sup> day of June, 2007.